

Message Text

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ACTION EB-08

INFO OCT-01 ISO-00 AF-10 ARA-10 EA-10 EUR-12 NEA-10

IO-13 OIC-02 AGR-01 L-03 FRB-03 OMB-01 ITC-01

SP-02 ICA-11 AID-05 CIAE-00 COME-00 INR-10 LAB-04

NSAE-00 SIL-01 OPIC-03 STR-07 TRSE-00 CEA-01

SS-15 /144 W

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R 311540Z JUL 78

FM USMISSION GENEVA

TO SECSTATE WASHDC 2704

INFO AMEMBASSY BANGKOK

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

AMEMBASSY KATHMANDU

AMEMBASSY LONDON

AMEMBASSY NEW DELHI

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: UNCTAD, ETRD

SUBJECT: UNCTAD: JUTE: FIFTH PREPARATORY MEETING

JULY 24-28

REF: GENEVA 11716

1. SUMMARY: THE FIFTH PREPARATORY MEETING ON JUTE AND JUTE PRODUCTS MET IN GENEVA JULY 24-28. IT SURPRISINGLY AVOIDED CONFRONTATION AND WAS VERY SUBDUED IN TONE. NO CONCLUSIONS WERE DRAWN ON STABILIZATION MEASURES, BUT THE LIMITED OFFICIAL USE

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ISSUE WAS KEPT OPEN FOR CONTINUED CONSIDERATION. THE MEETING AGREED TO INCREASED WORK ON OTHER MEASURES, GIVING THIS AREA MORE EMPHASIS THAN IN PREVIOUS MEETINGS. IT REQUESTED A SIXTH PREPARATORY MEETING FOR MARCH, 1979, TO ADDRESS BOTH OF THESE AREAS AND THE QUESTION OF AN INSTITUTIONAL FRAMEWORK. (REFTEL REPORTS MEETING'S DECISION).
END SUMMARY.

2. TONE OF THE MEETING: MOST MAJOR PARTICIPANTS TOOK EXTRA CARE AT THIS MEETING TO AVOID CONFRONTATION. PRODUCERS IN PARTICULAR DID NOT PUSH HARD ON ISSUES WHICH IN THE PAST HAVE BEEN CONTENTIONAL. THIS WAS IN LARGE PART RESULT OF A CHANGE IN THE PERSONALITIES. AT THE LAST MEETING BANGLADESH REP (KIBRIA) NEARLY PUSHED MEETING TO BREAKUP ON QUESTION OF LINKING PROGRESS ON OTHER MEASURES TO PROGRESS ON STABILIZATION. KIBRIA HAS SINCE RETURNED TO MFA DACCA. THIS WEEK PRODUCERS, WHILE NOT RELINQUISHING LINK, SKIRTED THE ISSUE. INDIA REP (DAS) DID MOST TALKING FOR PRODUCERS. BANGLADESH REP (CHISTY) PLAYED A QUIET, COMPROMISE-SEEKING ROLE. BANGLADESH RESREP AHMED WAS TIED UP IN OTHER MEETINGS AND PLAYED LITTLE ROLE IN JUTE MEETING UNTIL FINAL DAY. COMMENT: ONE SOURCE TOLD USDEL AHMED WAS GIVEN SPECIFIC INSTRUCTIONS FROM DACCA TO KEEP HANDS OFF. IF THIS IS SO, RECENT EMBASSY APPROACH MAY BE PARTLY RESPONSIBLE FOR RESULT THIS MEETING.

3. DISCUSSION OF STABILIZATION MEASURES: DISCUSSION BEGAN ON RECENT SECRETARIAT ELABORATION OF EC IDEAS PRESENTED AT LAST MEETING. CHAIRMAN (MARTIN-UK) FORCED STATEMENTS FROM ALL PARTICIPANTS AND RECEIVED MOSTLY "NO COMMENT." THIS PUT SEVERAL G-77 AND EAST EUROPEAN DELEGATIONS IN EMBARRASSING POSITION AT THE OUTSET. OF THOSE WHICH DID COMMENT, ONLY NORWAY WAS FAVORABLE. PAKISTAN MADE REPEATED CRITICISMS ON LIMITED OFFICIAL USE

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BASIS THAT SECRETARIAT DRAFT WAS NOTHING BUT DISGUISED RESOURCE TRANSFER AND THEREFORE DID NOT JUSTIFY DEVELOPING COUNTRY CONSUMER PARTICIPATION. INSTEAD, PAKISTAN PUSHED FOR TRADITIONAL INTERNATIONAL BUFFER STOCK SCHEME, INSISTING OF COURSE THAT THIS SHOULD BE AT NO COST TO DEVELOPING IMPORTERS. POLAND AND JAPAN BOTH COMMENTED UNFAVORABLY WITHOUT CLOSING ANY DOORS. COMMENT: ALTHOUGH JAPAN REMAINED UNSYMPATHETIC, FOR THE FIRST TIME IT MADE SPECIFIC POINT THAT IT IS RE-EXAMINING ITS POSITION AND ASKED PRODUCERS FOR MORE TIME. END COMMENT. USDEL LIMITED COMMENT TO REITERATION OF SKEPTICISM RE BENEFITS FROM INTERNATIONAL STABILIZATION MEASURES. EC STATED THAT AS THERE WAS NO CONSENSUS THEIR INITIATIVE HAD OBVIOUSLY FAILED. COMMENT: THIS WAS CONVENIENT FOR EC AS EC MEETING IN BRUSSELS RESULTED IN BREAKUP BETWEEN UK AND FRG OVER NATURE OF SCHEME TO SUPPORT, HENCE LEAVING EC IN POSITION OF REMAINING SILENT ON STABILIZATION. END COMMENT. DISCUSSION WAS BRIEF AND PRODUCERS DID NOT PUSH IT. INDIA INDICATED IN PRIVATE THAT IT STILL HAS SEVERE PROBLEMS WITH ADDRESSING ONLY RAW JUTE AND HOPES TO FIND SOME WAY IN FUTURE TO INCLUDE PRODUCTS. UNCTAD SECRETARIAT OUTLINE AND UNOFFICIAL PAPER ON STABILIZATION OF RAW JUTE IN COUNTRIES EXPORTING ONLY JUTE GOODS

(I.E. INDIA) RECEIVED NO COMMENT AND SECRETARIAT WAS GIVEN
NO SPECIFIC MANDATE TO PROCEED FURTHER ON SUCH A SCHEME AT
THIS TIME.

4. OTHER MEASURES: MEETING AGREED THAT EFFORTS SHOULD GO
AHEAD IN AREA OF R&D, MARKET PROMOTION AND COST REDUCTION.
PRODUCERS WERE MORE ACTIVE AND ALLOWED MORE CONCENTRATION OF
THE MEETING'S TIME IN THIS AREA THAN IN THE PAST. SOME DELE-
GATIONS BELIEVE THEY WERE GIVING A HINT OF WILLINGNESS TO
ABANDON LINK WITH STABILIZATION IF PROGRESS IN OTHER MEAS-
URES AREA LOOKS PROFITABLE ENOUGH. COMMENT: ALTHOUGH THIS
MAY BE OVERLY OPTIMISTIC CONCLUSION AT THIS TIME, IT DOES
APPEAR POINT HAS BEEN MADE IN CAPITALS AND ISSUE IS UNDER

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SERIOUS CONSIDERATION BY PRODUCER GOVERNMENTS. END COMMENT.
USDEL EMPHASIZED AGAIN THAT EVEN THOUGH FAO-UNIDO STUDIES
WOULD INCLUDE COST REDUCTION, ROLE OF ANY JUTE ORGANIZATION
WOULD BE LIMITED TO EVALUATION AND COORDINATION. CONSUMERS

INSISTED ON INSERTION OF REFERENCE TO RECOMMENDATIONS OF WORKING GROUP IN PARA 4 OF CONCLUSIONS TO COVER SUCH LIMITATIONS ON ANY FUTURE ARRANGEMENT.

5. COMMENT. AS INDICATED ABOVE, ON THE HEELS OF THE BANGLADESH INTERVENTIONS DURING THE RECENT AD HOC COMMITTEE MEETING AND THE G-77 PERFORMANCE IN LAST WEEK'S COPPER LIMITED OFFICIAL USE

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MEETING, THE ATMOSPHERE IN THIS MEETING WAS A SHARP CONTRAST. IT IS DIFFICULT TO TELL WHETHER PRODUCERS, EITHER INTERNALLY OR BETWEEN THEMSELVES, HAVE SIMPLY NOT BEEN ABLE TO DEVELOP A CONCERTED POSITION OR IF THEY HAVE LOST INTEREST IN THE WHOLE EXERCISE. NONE OF THEIR OPTIONS HAS BEEN CLOSED OFF BUT THEY WERE EASILY CONVINCED THAT NEXT MEETING SHOULD NOT BE HELD UNTIL FAO-UNIDO WORK IS COMPLETED EARLY NEXT YEAR. IT MAY BE THEY ARE SIMPLY BUYING TIME TO SEE HOW COMMON FUND DISCUSSIONS PROCEED. IN ANY CASE, IT CONTAINUES TO BE DIFFICULT TO SORT OUT GOVERNMENT POSITIONS IN FACE OF DOMINANT ROLE OF INDIVIDUAL PERSONALITIES. ONCE ADMED HAD SEEN DRAFT CONCLUSIONS AT LUNCH ON FRIDAY, HE IMMEDIATELY CORNERED PRODUCER DELEGATIONS AND CONVINCED THEM TO SUPPORT NEW PROPOSAL STATING NEXT PREPARATORY MEETING WOULD BE THE LAST TO BE FOLLOWED IMMEDIATELY BY A NEGOTIATING CONFERENCE. LAST SENTENCE IN PARA 8 OF REFTEL WAS FINAL COMPROMISE. CHISTY AND DAS GAVE AHMED POSITION WEAK SUPPORT. HAD AHMED PARTICIPATED FULLY, MEETING WOULD HAVE HAD DIFFICULTY IN PREVENTING BREAKDOWN. SORENSON

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